

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Duncan, Michigan	County Houghton
Fiscal Year End 3/31/07	Opinion Date 8/24/07	Date Audit Report Submitted to State 4-25-07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES  
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Anderson, Tackman, & Company, PLC		Telephone Number 906-225-1166	
Street Address 102. W. Washington St., Suite 109		City Marquette	State MI
Zip 49855			
Authorizing CPA Signature 	Printed Name Michael Alan Grentz	License Number 1101027988	

**TOWNSHIP OF DUNCAN, MICHIGAN**  
**FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2007**

## TABLE OF CONTENTS

Independent Auditors' Report .....	3
Management's Discussion and Analysis (Unaudited) .....	5
Statement of Net Assets.....	11
Statement of Activities .....	12
Governmental Funds – Balance Sheet .....	13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets .....	14
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balance .....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	16
Fiduciary Funds – Statement of Fiduciary Net Assets .....	17
Notes to Financial Statements .....	18

### REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

General Fund – Budgetary Comparison Schedule .....	29
Road Fund – Budgetary Comparison Schedule .....	30
Fire Fund – Budgetary Comparison Schedule .....	31
Ambulance Fund – Budgetary Comparison Schedule .....	32

### OTHER SUPPLEMENTAL INFORMATION

Major Governmental Funds – General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	34
Major Governmental Funds – Road Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	38
Major Government Funds – Fire Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	39
Major Government Funds – Ambulance Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	40
Non-Major Governmental Funds – Balance Sheet .....	41
Non-Major Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balance .....	42
Non-Major Governmental Funds – Special Revenue – Liquor Law Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	43
Non-Major Governmental Funds – Permanent Fund – Cemetery Trust Fund – Statement of Revenues, Expenditures and Changes in Fund Balance .....	44
Fiduciary Funds – Combining Statement of Net Assets .....	45

### COMPLIANCE SUPPLEMENTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	47
Report to Management Letter .....	49



# ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

## PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN  
ESCANABA  
IRON MOUNTAIN  
KINROSS  
MARQUETTE

WISCONSIN  
GREEN BAY  
MILWAUKEE

## INDEPENDENT AUDITORS' REPORT

Honorable Supervisor and Members  
of the Township Board of Trustees  
Township of Duncan, Michigan  
PO Box 119  
Sidnaw, Michigan 49961

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of the Township of Duncan, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township of Duncan, Michigan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Duncan, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Duncan, Michigan as of March 31, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2007, on our consideration of the Township of Duncan, Michigan's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and

Honorable Supervisor and Members  
of the Township Board of Trustees

not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, and budgetary comparison information on pages 5 through 10 and 30 through 32 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Duncan, Michigan's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

August 24, 2007

## TOWNSHIP OF DUNCAN, MICHIGAN

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Township of Duncan, Michigan's financial performance provides an overview of the Township's financial activities for the year ended March 31, 2005. Please read it in conjunction with the financial statements, which begin on page 11.

#### FINANCIAL HIGHLIGHTS

- Net assets for the Township as a whole increased by \$41,692 or 37 percent as a result of this year's operations.
- During the year, the Township had expenses for governmental activities that were \$89,934 and revenues of \$131,626.
- The General Fund reported a net fund balance of \$47,059. Net change in fund balance was \$34,376 higher than the forecasted decrease of \$22,722.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 and 12) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

#### **Reporting the Township as a Whole**

Our analysis of the Township as a whole begins on page 7. One of the most important questions asked about the Township's finances is "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's net assets and changes in them. You can think of the Township's net assets - the difference between assets and liabilities - as one way to measure the Township's financial health, or financial position. Over time, increases or decreases in the township's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's patron base and the condition of the Township's capital assets, to assess the overall financial health of the Township.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

In the Statement of Net Assets and the Statement of Activities, we divide the township into two kinds of activities:

- **Governmental Activities** – Most of the Township's basic services are reported here, including the legislative, elections, public safety, public works, recreation and culture, community and economic development and general services and administration. Property taxes, charges for services and state sources fund most of these activities.
- **Business-Type Activities** – The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township has no Business-Type Activities.

### Reporting the Township's Most Significant Funds

Our analysis of the Township of Duncan, Michigan's major funds begins on page 9. The fund financial statements begin on page 13 and provide detailed information on the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township Board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The Township of Duncan, Michigan's two kinds of funds - *governmental* and *proprietary* - use different accounting approaches.

- **Governmental funds** – Most of the Township of Duncan, Michigan's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term* view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township of Duncan, Michigan's programs. We describe the relationship (or differences) between *governmental activities* (reported in the Statement of Net Assets and Statement of Activities) and *governmental funds* in a reconciliation which follows the fund financial statements.
- **Proprietary funds** – When the Township of Duncan, Michigan charges customers for the services it provides – whether to outside customers – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Township of Duncan, Michigan's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The Township of Duncan, Michigan does not have any proprietary funds.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

### The Township as Trustee

The Township of Duncan, Michigan is the trustee, or fiduciary, for assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 17. We exclude these activities from the other financial statements because the Township of Duncan, Michigan cannot use these assets to finance its operations.

The Township of Duncan, Michigan is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### The Township as a Whole

Table 1 provides a summary of the Township's net assets as of March 31, 2007, and March 31, 2005.

Table 1 Net Assets		
	Governmental Activities – 2007	Governmental Activities – 2005
Current and other assets	\$ 113,363	\$ 192,198
Non-current assets	43,308	39,775
Total Assets	156,671	231,973
Current liabilities	3,068	3,633
Non-current liabilities	-	-
Total Liabilities	3,068	3,633
Net Assets:		
Invested in capital assets, net of related debt	43,308	39,775
Restricted	-	-
Unrestricted (deficit)	110,295	188,565
Total Net Assets	\$ 153,603	\$ 228,340

Net assets of the Net Township of Duncan, Michigan's governmental activities stood at \$153,603. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$110,295.

The \$110,295 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Township of Duncan, Michigan as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal year 2007 and 2005.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table 2 Changes in Net Assets		
	Governmental Activities – 2007	Governmental Activities – 2005
<b>Revenues:</b>		
Program Revenues:		
Charges for services	\$ 7,755	\$ 9,600
Operating Grants	1,347	25,258
General Revenues:		
Property taxes	74,999	63,689
State Sources	29,896	20,797
Interest	809	665
Miscellaneous	16,820	12,539
Total Revenues	131,626	132,548
<b>Program Expenses:</b>		
Legislative	3,403	2,617
General Services and Administration	49,906	40,976
Public Safety	15,521	32,688
Public Works	9,989	-
Community & Economic Dev.	11	119
Health and Welfare	9,786	8,760
Other	1,318	1,209
Total Expenses	89,934	86,369
Excess (deficiency) before transfers	41,692	46,179
Transfers	-	-
Increase (decrease) in net assets	41,692	46,179
Net assets, beginning, as restated	111,911	182,161
Net Assets, Ending	\$153,603	\$ 228,340

The Township of Duncan, Michigan's total revenues were \$131,626. The total cost of all programs and services was \$89,934, leaving an increase in net assets of \$41,692. Our analysis below separately considers the operations of governmental activities:

### **Governmental Activities**

The net assets of the Township of Duncan, Michigan's governmental activities increased \$41,692 for the year ended March 31, 2007.

The \$41,692 is made up of \$35,584 Net Income from the governmental funds discussed later, depreciation expense of \$3,037, Capital outlays of \$9,245, and Loss on sale of assets of \$100.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

### THE TOWNSHIP'S FUNDS

As the Township of Duncan, Michigan completed the year, its governmental funds (as presented in the balance sheet on page 13 reported a *combined* fund balance of \$110,295 which is an increase of \$35,584 from the beginning of the year.

The net income is made of \$11,654 from the General Fund, \$11,721 from the Road Fund, \$11,704 from the Fire Fund, and \$505 in all other funds.

### General Fund Budgetary Highlights

Over the course of the year, the Township of Duncan, Michigan Board made a few budget amendments.

With these adjustments, actual charges to expenditures were \$31,809 less than the final amended budget. Conversely, revenues were \$7,567 more than the final budget projection.

Revenues were \$7,567 over budget; this was due to \$8,544 under budgeting related to a state grant received to improve voting facilities, \$2,305 in excess property tax collections, and \$2,245 over budgeted for charges for services. This leaves \$1,037 which is immaterial variances from all other accounts.

Expenditures were \$31,809 over budgeted, this was due to over budgeting Legislative service by \$3,497, General Services and Administration by 18,255, and Other Functions by \$8,774. This leaves \$1,283 which is immaterial variances from all other accounts.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of the fiscal year, the Township of Duncan, Michigan had \$43,308 invested in a variety of capital assets including land, buildings, and other equipment. (See table 3 below)

Table 3 Capital Assets at Year-End (Net of Depreciation)		
	Governmental Activities – 2007	Governmental Activities – 2005
Land	\$ 800	\$ 900
Land improvements	-	-
Buildings and improvements	42,508	38,875
Equipment and furnishings	-	-
	<u>\$ 43,308</u>	<u>\$ 39,775</u>

The Township of Duncan, Michigan had \$9,245 in building improvement additions and sold the old school property for \$15,000 in the current year. Depreciation expense for the year was \$3,037.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

### **Debt**

At end of the fiscal year, the Township of Duncan, Michigan had no debt as of March 31, 2007.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

In preparing the Township of Duncan, Michigan's budget for the year ending March 31, 2008:

- We started with the past year's budget and did our budget for 2008 with some minor adjustments.

### **CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township of Duncan, Michigan's finances and to show the township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township of Duncan, PO Box 119, Sidnaw, Michigan 49961.

Township of Duncan, Michigan

STATEMENT OF NET ASSETS

March 31, 2007

	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Current Assets:	
Cash and investments	\$ 102,822
Receivables (net)	10,541
<b>TOTAL CURRENT ASSETS</b>	<u>113,363</u>
Non-current assets:	
Land and construction in progress	-
Other capital assets	720,045
Accumulated depreciation	(676,737)
Total Capital Assets	<u>43,308</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>43,308</u>
<b>TOTAL ASSETS</b>	<u>156,671</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts payable	-
Accrued liabilities	3,068
Deferred revenue	-
Current portion of bonds payable	-
Other current liabilities	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>3,068</u>
Non-current Liabilities:	
Compensated absences	-
Bonds payable	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>3,068</u>
<b>NET ASSETS</b>	
Invested in capital assets net of related debt	43,308
Restricted for:	
Debt Service	-
Unrestricted	<u>110,295</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 153,603</u>

The accompanying notes are an integral part of these financial statements.

**Township of Duncan, Michigan**

**STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended March 31, 2007

Function / Programs	Program Revenues			Net (Expense) Revenue and Changes	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
<b>Primary Government:</b>					
Governmental Activities:					
Legislative	\$ 3,403	\$ -	\$ -	-	\$ (3,403)
Elections	3,671	-	-	-	(3,671)
General services and administration	46,235	7,755	-	-	(38,480)
Public safety	15,521	-	1,347	-	(14,174)
Public works	9,989	-	-	-	(9,989)
Community and economic development	11	-	-	-	(11)
Health and Welfare	9,786	-	-	-	(9,786)
Recreation and culture	-	-	-	-	-
Other	1,318	-	-	-	(1,318)
Total Governmental Activities	89,934	7,755	1,347	-	(80,832)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 89,934</b>	<b>\$ 7,755</b>	<b>\$ 1,347</b>	<b>\$ -</b>	<b>\$ (80,832)</b>
<b>General Revenues:</b>					
Taxes					74,999
Unrestricted State sources					29,896
Interest and investment earnings					809
Miscellaneous					16,820
Transfers					-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>122,524</b>
<b>CHANGE IN NET ASSETS</b>					<b>41,692</b>
Net assets, beginning of year					111,911
<b>NET ASSETS, END OF YEAR</b>					<b>\$ 153,603</b>

The accompanying notes are an integral part of these financial statements.

**Township of Duncan, Michigan**

**GOVERNMENTAL FUNDS**

**BALANCE SHEET**

March 31, 2007

	<b>General Fund</b>	<b>Road Fund</b>	<b>Fire Fund</b>	<b>Ambulance Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and investments	\$ 45,391	\$ 11,027	\$ 30,620	\$ -	\$ 15,784	\$ 102,822
Receivables	2,377	-	1,813	906	-	5,096
Due from other units	4,629	-	-	-	-	4,629
Due from other funds	354	2,624	308	154	-	3,440
<b>TOTAL ASSETS</b>	<b>\$ 52,751</b>	<b>\$ 13,651</b>	<b>\$ 32,741</b>	<b>\$ 1,060</b>	<b>\$ 15,784</b>	<b>\$ 115,987</b>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	2,624	-	-	-	-	2,624
Accrued payroll and related	3,068	-	-	-	-	3,068
<b>TOTAL LIABILITIES</b>	<b>5,692</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,692</b>
<b>FUND BALANCE:</b>						
Reserved for:						
Cemetery Trust Fund	-	-	-	-	15,784	15,784
Unreserved						
Unreserved	47,059	13,651	32,741	1,060	-	94,511
<b>TOTAL FUND BALANCE</b>	<b>47,059</b>	<b>13,651</b>	<b>32,741</b>	<b>1,060</b>	<b>15,784</b>	<b>110,295</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 52,751</b>	<b>\$ 13,651</b>	<b>\$ 32,741</b>	<b>\$ 1,060</b>	<b>\$ 15,784</b>	<b>\$ 115,987</b>

The accompanying notes are an integral part of these financial statements.

**Township of Duncan, Michigan**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS**

March 31, 2007

<b>Total Fund Balances for Governmental Funds</b>	<b>\$</b>	<b>110,295</b>
---	-----------	----------------

*Amounts reported for governmental activities in the statement  
of net assets are different because:*

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds

Cost of Capital Assets	\$ 720,045	
Accumulated Deprecation of Assets	<u>(676,737)</u>	43,308

Long-term liabilities, including bonds payable, are not due and payable  
in the current period and therefore are not reported in the funds.

Current portion of bonds payable	-	
Compensated absences	-	
Bonds payable	<u>-</u>	

<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>153,603</u></b>
--	-----------	-----------------------

The accompanying notes are an integral part of these financial statements.

**Township of Duncan, Michigan**

**GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

For the Fiscal Year Ended March 31, 2007

	<b>General Fund</b>	<b>Road Fund</b>	<b>Fire Fund</b>	<b>Ambulance Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>						
Taxes	\$ 25,305	\$ 20,239	\$ 19,664	\$ 9,791	\$ -	\$ 74,999
Licenses and permits	-	-	-	-	-	-
State sources	28,559	1,337	-	-	1,347	31,243
Charges for services	7,755	-	-	-	-	7,755
Interest	206	24	51	-	528	809
Other	15,657	-	1,163	-	-	16,820
<b>TOTAL REVENUES</b>	<b>77,482</b>	<b>21,600</b>	<b>20,878</b>	<b>9,791</b>	<b>1,875</b>	<b>131,626</b>
<b>EXPENDITURES:</b>						
Current operations:						
Legislative	3,403	-	-	-	-	3,403
Elections	3,671	-	-	-	-	3,671
General services and administration	52,315	-	-	-	28	52,343
Public safety	-	-	14,174	-	1,347	15,521
Public works	110	9,879	-	-	-	9,989
Community and economic development	11	-	-	-	-	11
Health and Welfare	-	-	-	9,786	-	9,786
Recreation and culture	-	-	-	-	-	-
Other	1,318	-	-	-	-	1,318
Capital outlay	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>60,828</b>	<b>9,879</b>	<b>14,174</b>	<b>9,786</b>	<b>1,375</b>	<b>96,042</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>16,654</b>	<b>11,721</b>	<b>6,704</b>	<b>5</b>	<b>500</b>	<b>35,584</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	5,000	-	-	5,000
Transfers (out)	(5,000)	-	-	-	-	(5,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(5,000)</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>11,654</b>	<b>11,721</b>	<b>11,704</b>	<b>5</b>	<b>500</b>	<b>35,584</b>
Fund balance, beginning of year	35,405	1,930	21,037	1,055	15,284	74,711
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 47,059</b>	<b>\$ 13,651</b>	<b>\$ 32,741</b>	<b>\$ 1,060</b>	<b>\$ 15,784</b>	<b>\$ 110,295</b>

The accompanying notes are an integral part of these financial statements.



**Township of Duncan, Michigan**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended March 31, 2007

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>35,584</b>
---	-----------	---------------

*Amounts reported for governmental activities in the statement  
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$	9,245	
Gain (loss) on Sale of Assets		(100)	
Depreciation expense		<u>(3,037)</u>	
			6,108

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

-

<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>41,692</u></b>
--	-----------	----------------------

The accompanying notes are an integral part of these financial statements.

**Township of Duncan, Michigan**

**FIDUCIARY FUNDS**

**STATEMENT OF FIDUCIARY NET ASSETS**

March 31, 2007

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash and equivalents	\$ 10,820
Taxes receivable	<u>5,096</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 15,916</u></u>
<b>LIABILITIES:</b>	
Due to other funds	\$ 816
Due to others	<u>15,100</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 15,916</u></u>

The accompanying notes are an integral part of these financial statements.

# TOWNSHIP OF DUNCAN, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

March 31, 2007

### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Township of Duncan, Michigan have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the Township are described below.

#### **(1) REPORTING ENTITY**

The Township of Duncan, Michigan's financial statements present the Township of Duncan, Michigan (the primary government). In evaluating the Township of Duncan, Michigan as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the Township of Duncan, Michigan may or may not be financially accountable and, as such, be includable within the financial statements.

#### **(2) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Township of Duncan, Michigan's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Township's legislative, public works, public safety, community and economic development, recreation and culture and general services and administration are classified as governmental activities. The Township of Duncan, Michigan does not have any activity that is classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township of Duncan, Michigan's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

The government-wide focus is more on the sustainability of the Township of Duncan, Michigan as an entity and the change in the Township of Duncan, Michigan's net assets resulting from the current year's activities. For the most part, the effect of interfund activities has been removed from these statements.

### (3) BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

#### **Governmental Funds**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Township:

- **General Fund** – General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.
- **Fire Fund** – Fire Fund is a Special Revenue Fund type used to account for financial resources to be used for the expenditures related to Fire services.
- **Ambulance Fund** – Ambulance Fund is a Special Revenue Fund type used to account for financial resources to be used for the expenditures related to emergency management services.
- **Road Fund** – Road Fund is a Special Revenue Fund Type used to account for financial resources to be used for the expenditures related to Road Improvements.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

### ***Fiduciary Funds***

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Township programs. The agency fund is custodial in nature and does not present results of operations or have a measurement focus.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Township reports the following major governmental funds:

The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

- **Fire Fund** – Fire Fund is a Special Revenue Fund type used to account for financial resources to be used for the expenditures related to Fire services.
- **Ambulance Fund** – Ambulance Fund is a Special Revenue Fund type used to account for financial resources to be used for the expenditures related to emergency management services.
- **Road Fund** – Road Fund is a Special Revenue Fund Type used to account for financial resources to be used for the expenditures related to Road Improvements.

The Township's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

### **(4) BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

## **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

### ***Accrual***

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

### ***Modified Accrual***

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

## **(5) FINANCIAL STATEMENT AMOUNTS**

**Budgets and Budgetary Accounting** – The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township Board of Trustees a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including at least two formal public hearings conducted at the Township Hall to obtain taxpayer comment.
- c. Pursuant to statute, prior to March 31 of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Duncan Township Board of Trustees, through policy action, specifically directs the Supervisor not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.

- e. The Supervisor is authorized by means of Township policy to make certain transfers:
  - 1. The Supervisor receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or group(s) and amount to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Trustees.
  - 2. The following considerations must be reviewed in determination of transfer approvals:
    - a. Are the transfers consistent with the intent of the Board of Trustees in adopting the annual budget?
    - b. Will the transfer maintain the financial integrity of the Township?
    - c. Will the transfer provide a reasonable solution to the departmental operating problem?

Considering the above, the Supervisor will then decide whether or not the transfer should be made.

Supplemental appropriations are submitted to and reviewed by the Supervisor and submitted to the Township Board of Trustees for their review and approval. If approved, they are implemented by the Supervisor through a budget revision.

- f. The Township of Duncan, Michigan adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary controls exist at the most detailed level adopted by the Board of Trustees, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.
- g. Budgets for the General Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board of Trustees.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

**Cash Equivalents and Investments** – For the purposes of balance sheet classification and the statement of cash flows, cash and equivalents consist of demand deposits, cash in savings, money market accounts and short-term certificates of deposit with original maturity of three months or less. Investments are carried at fair value.

**Capital Assets** – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land improvements	15 years
Building, structures and improvements	40 years
Equipment	5 years
Water and Sewage System	20-50 years
Vehicles	5 years
Infrastructure	20-50 years

**Long-Term Liabilities** – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

**Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

**Property Taxes** – Property taxes are levied as of December 1 of each year and are due by the last day of the following March. The taxes are collected by the local unit and periodically remitted to the third parties during the collection period.



## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

**Compensated Absences** – The Township accrues accumulated unpaid vacation and sick leave days and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

**Deferred Revenues** – Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

**Interfund Activity** – Interfund activity is reported as either, loans, services provided reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

## NOTE B – DEPOSITS AND INVESTMENTS:

### Cash Equivalents

As of March 31, 2007, the Township of Duncan, Michigan's cash and cash equivalents and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash and equivalents	\$102,822	\$10,820	\$113,642
Investments	-	-	-
	<u>\$102,822</u>	<u>\$10,820</u>	<u>\$113,642</u>

### *Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the Township of Duncan, Michigan's deposits may not be returned to it. State law does not require and the Township of Duncan, Michigan does not have a deposit policy for custodial credit risk. The carrying amounts of the Township of Duncan, Michigan's deposits with financial institutions were \$113,642 and the bank balance was \$115,749. The bank balance is categorized as follows:

Amount insured by the FDIC	\$ 115,749
Amount uncollateralized and uninsured	-
	<u>\$ 115,749</u>

**NOTE B – DEPOSITS AND INVESTMENTS: (Continued)**Investments

As of March 31, 2007, the Township of Duncan, Michigan did not have any investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Township of Duncan, Michigan's investments. The Township of Duncan, Michigan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Michigan statutes (Act 196, PA 1997) authorize the Township of Duncan, Michigan to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

**NOTE C – INTERFUND BALANCES:**

A summary of interfund receivable and payables are list below for Commercial Forest Reserve Funds yet to be disbursed from the tax collection fund.

DUE TO OTHER FUNDS	DUE FROM OTHER FUNDS		
	General Fund	Tax Collection Fund	Total Due To Other Funds
General Fund	\$ -	\$ 354	\$ 354
Road Fund	2,624	-	2,624
Fire Fund	-	308	308
Ambulance Fund	-	154	154
Total Due From Other Funds	\$ 2,624	\$ 816	\$ 3,440

**NOTE D – CAPITAL ASSETS:**

A summary of the capital assets of the Governmental Activities is as follows:

	Balance at April 1, 2006	Additions	Disposals	Balance at March 31, 2007
GOVERNMENTAL ACTIVITIES:				
Land	\$90 0	\$ -	\$100	\$800
Total Capital Assets, not being depreciated	900	-	100	800
Buildings and improvements	410,000	9,245	100,000	319,245
Land improvements	-	-	-	-
Furniture and equipment	400,000	-	-	400,000
Total Capital Assets being depreciated	810,000	9,245	100,000	719,245

## NOTE D – CAPITAL ASSETS (Continued):

	Balance at April 1, 2006	Additions	Disposals	Balance at March 31, 2007
Less Accumulated Depreciation:				
Buildings and improvements	\$ (373,700)	\$ (3,037)	\$(100,000)	\$(276,737)
Land improvements	-	-	-	-
Furniture and equipment	(400,000)	-	-	(400,000)
Total Accumulated Depreciation	(773,700)	(3,037)	-	(676,737)
Governmental Activities Capital Assets, Net	<u>\$37,200</u>	<u>\$6,208</u>	<u>\$100</u>	<u>\$43,308</u>

A depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

General and Administrative	<u>\$ 3,037</u>
Total	<u>\$ 3,037</u>

## NOTE E – PROPERTY TAXES:

The Local Governmental Unit property tax is levied on each December 1<sup>st</sup> on the taxable valuation of property (as defined by State statutes) located in the Local Governmental Unit as of the preceding December 31<sup>st</sup>.

Although the Local Governmental Unit 2006 ad valorem tax is levied and collectible on December 1, 2006, it is the Local Governmental Unit's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60) days.

The 2006 taxable valuation of the Local Governmental Unit totaled \$9,879,279, on which ad valorem taxes levied consisted of 2.2445 mills for the Local Governmental Unit operation purposes, 1.9519 mills for Fire Services and .9759 mills for Ambulance service. These amounts are recognized in the General Fund, Fire Funds, and Ambulance fund financial statements as revenue.

## NOTE F – INTERFUND TRANSFERS IN AND OUT:

The transfer to the Fire Fund was the local match of a FEMA grant.

		Transfer Out To Other Funds	
		General Fund	Total Transfers In
Transfer In From Other Funds	Fire Fund	<u>\$ 5,000</u>	<u>\$ 5,000</u>
	Total Transfers Out	<u>\$ 5,000</u>	<u>\$ 5,000</u>

**NOTE G – CONTINGENT LIABILITIES:**

Risk Management - The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained commercial insurance to handle its risk of loss.

**NOTE K – EXCESS EXPENDITURES OVER APPROPRIATIONS:**

Public Act 621 of 1978, Section 18 (1), as amended, provides that a Township shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Townships actual expenditures and budgeted expenditures for the General Fund and Special Revenue Funds have been shown on a functional basis.

The approved budgets to the Township General and Special Revenue Funds were adopted on an activity and/or program level. During the year ended March 31, 2007, the Township incurred functional expenditures which were in excess of the amounts appropriated as follows:

<u>Fund</u>	<u>Final Amended Budget</u>	<u>Expenditure</u>	<u>Variance</u>
General Fund:			
Transfers Out	-	\$5,000	\$5,000
Special Revenue Funds:			
Road Fund	-	9,879	9,879
Ambulance Fund	-	9,786	9,786

**REQUIRED SUPPLEMENTAL  
FINANCIAL INFORMATION**

**Township of Duncan, Michigan**

**GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended March 31, 2007

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Taxes	\$ 23,000	\$ 23,000	\$ 25,305	\$ 2,305
State sources	20,015	20,015	28,559	8,544
Charges for services	10,000	10,000	7,755	(2,245)
Interest and rents	550	550	206	(344)
Other revenues	16,350	16,350	15,657	(693)
<b>TOTAL REVENUES</b>	<b>69,915</b>	<b>69,915</b>	<b>77,482</b>	<b>7,567</b>
<b>EXPENDITURES:</b>				
Legislative	2,400	6,900	3,403	3,497
Elections	1,500	3,825	3,671	154
General services and administration	66,400	70,570	52,315	18,255
Public works	-	650	110	540
Community and economic development	650	600	11	589
Other	10,600	10,092	1,318	8,774
<b>TOTAL EXPENDITURES</b>	<b>81,550</b>	<b>92,637</b>	<b>60,828</b>	<b>31,809</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(11,635)</b>	<b>(22,722)</b>	<b>16,654</b>	<b>39,376</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	-	-	(5,000)	(5,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(5,000)</b>	<b>(5,000)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(11,635)</b>	<b>(22,722)</b>	<b>11,654</b>	<b>34,376</b>
Fund balance, beginning of year	35,405	35,405	35,405	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 23,770</b>	<b>\$ 12,683</b>	<b>\$ 47,059</b>	<b>\$ 34,376</b>

**Township of Duncan, Michigan**

**ROAD FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended March 31, 2007

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ 20,239	\$ 20,239
State sources	-	-	1,337	1,337
Interest and rents	-	-	24	24
Other revenues	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	21,600	21,600
<b>EXPENDITURES:</b>				
Public Works	-	-	9,879	(9,879)
<b>TOTAL EXPENDITURES</b>	-	-	9,879	(9,879)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	11,721	11,721
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-
<b>CHANGE IN FUND BALANCE</b>	-	-	11,721	11,721
Fund balance, beginning of year	1,930	1,930	1,930	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,930</u>	<u>\$ 1,930</u>	<u>\$ 13,651</u>	<u>\$ 11,721</u>

**Township of Duncan, Michigan**

**FIRE FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended March 31, 2007

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Property taxes	\$ 18,500	\$ 18,500	\$ 19,664	\$ 1,164
State sources	-	-	-	-
Interest and rents	25	25	51	26
Other revenues	6,750	5,750	1,163	(4,587)
<b>TOTAL REVENUES</b>	<b>25,275</b>	<b>24,275</b>	<b>20,878</b>	<b>(3,397)</b>
<b>EXPENDITURES:</b>				
Public Safety	38,000	34,000	14,174	19,826
<b>TOTAL EXPENDITURES</b>	<b>38,000</b>	<b>34,000</b>	<b>14,174</b>	<b>19,826</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(12,725)</b>	<b>(9,725)</b>	<b>6,704</b>	<b>16,429</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)		1,000	5,000	4,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>1,000</b>	<b>5,000</b>	<b>4,000</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(12,725)</b>	<b>(8,725)</b>	<b>11,704</b>	<b>20,429</b>
Fund balance, beginning of year	21,037	21,037	21,037	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 8,312</b>	<b>\$ 12,312</b>	<b>\$ 32,741</b>	<b>\$ 20,429</b>



**Township of Duncan, Michigan**

**AMBULANCE FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended March 31, 2007

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ 9,791	\$ 9,791
Other revenues	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	9,791	9,791
<b>EXPENDITURES:</b>				
Health and Welfare	-	-	9,786	(9,786)
<b>TOTAL EXPENDITURES</b>	-	-	9,786	(9,786)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	5	5
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-
<b>CHANGE IN FUND BALANCE</b>	-	-	5	5
Fund balance, beginning of year	-	1,055	1,055	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ 1,055</b>	<b>\$ 1,060</b>	<b>\$ 5</b>

## **Other Supplemental Information**

**Township of Duncan, Michigan**  
**MAJOR GOVERNMENTAL FUNDS**  
**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Current levy	\$ 23,000	\$ 19,713	\$ (3,287)
Delinquent	-	2,377	2,377
Commercial forest reserve	-	870	870
Tax collection fees	-	2,345	2,345
Total Taxes	<u>23,000</u>	<u>25,305</u>	<u>2,305</u>
State Sources:			
State revenue sharing	20,015	19,314	(701)
State grants	-	9,245	9,245
Total State Sources	<u>20,015</u>	<u>28,559</u>	<u>8,544</u>
Charges for Services:			
Sanitation	9,000	7,115	(1,885)
Zoning	700	540	
Cemetery lot sales	300	100	(200)
Total Charges for Services	<u>10,000</u>	<u>7,755</u>	<u>(2,245)</u>
Interest and Rents			
Interest	250	186	(64)
Rents	300	20	(280)
Total Interest and Rents	<u>550</u>	<u>206</u>	<u>(344)</u>
Other Revenues:			
Donations	1,500	78	(1,422)
Miscellaneous	14,850	579	(14,271)
Sale of fixed assets	-	15,000	15,000
Total Other Revenues	<u>16,350</u>	<u>15,657</u>	<u>(693)</u>
<b>TOTAL REVENUES</b>	<u>69,915</u>	<u>77,482</u>	<u>7,567</u>
<b>EXPENDITURES:</b>			
<b>LEGISLATIVE:</b>			
Township Board:			
Personnel services	2,210	2,139	71
Supplies	-	-	-
Other services and charges	4,690	1,264	3,426
<b>TOTAL LEGISLATIVE</b>	<u>6,900</u>	<u>3,403</u>	<u>3,497</u>

**Township of Duncan, Michigan**  
**MAJOR GOVERNMENTAL FUNDS**  
**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>GENERAL SERVICES AND ADMINISTRATION:</b>			
Supervisor:			
Personnel services	\$ 3,900	\$ 3,625	\$ 275
Supplies	200	126	74
Other services and charges	400	269	131
Total Supervisor	<u>4,500</u>	<u>4,020</u>	<u>480</u>
Assessor:			
Personnel services	-	-	-
Supplies	600	356	244
Other services and charges	4,200	3,949	251
Total Assessor	<u>4,800</u>	<u>4,305</u>	<u>495</u>
Elections:			
Personnel services	1,750	1,736	14
Supplies	250	370	(120)
Other services and charges	1,825	1,565	260
Total Elections	<u>3,825</u>	<u>3,671</u>	<u>154</u>
Clerk:			
Personnel services	4,550	4,229	321
Supplies	550	497	53
Other services and charges	900	720	180
Total Clerk	<u>6,000</u>	<u>5,446</u>	<u>554</u>
Board of Review:			
Personnel services	575	666	(91)
Supplies	-	-	-
Other services and charges	350	46	304
Total Board of Review	<u>925</u>	<u>712</u>	<u>213</u>
Treasurer:			
Personnel services	4,550	4,229	321
Supplies	750	751	(1)
Other services and charges	3,200	2,418	782
Total Treasurer	<u>8,500</u>	<u>7,398</u>	<u>1,102</u>
Township Hall and Grounds:			
Personnel services	750	928	(178)
Supplies	400	61	339
Other services and charges	24,050	16,291	7,759
Capital outlay	19,500	12,093	7,407
Total Township Hall and Grounds	<u>44,700</u>	<u>29,373</u>	<u>15,327</u>

**Township of Duncan, Michigan**  
**MAJOR GOVERNMENTAL FUNDS**  
**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Cemetery:			
Personnel services	\$ -	\$ -	\$ -
Supplies	200	123	77
Other services and charges	945	938	7
Total Cemetery	1,145	1,061	84
<b>TOTAL GENERAL SERVICES AND ADMINISTRATION</b>	70,570	52,315	18,255
<b>PUBLIC WORKS:</b>			
Refuse Collection:			
Personnel services	100	-	100
Supplies	550	110	440
Other services and charges	-	-	-
Total Refuse Collection	650	110	540
<b>TOTAL PUBLIC WORKS</b>	650	110	540
<b>Community and Economic Development</b>			
Zoning			
Personnel services	300	-	300
Supplies	50	6	44
Other services and charges	250	5	245
Total Zoning	600	11	589
<b>TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT</b>	600	11	589
<b>OTHER FUNCTIONS</b>			
Other			
Personnel services	5,000	1,318	3,682
Supplies	-	-	-
Other services and charges	5,092	-	5,092
TOTAL OTHER	10,092	1,318	8,774
<b>TOTAL OTHER FUNCTIONS</b>	10,092	1,318	8,774
<b>TOTAL EXPENDITURES</b>	92,637	60,828	31,809
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(22,722)	16,654	39,376

**Township of Duncan, Michigan**  
**MAJOR GOVERNMENTAL FUNDS**  
**GENERAL FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers (out)	-	(5,000)	5,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	(5,000)	5,000
<b>CHANGE IN FUND BALANCE</b>	(22,722)	11,654	44,376
Fund balance, beginning of year	35,405	35,405	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 12,683</u>	<u>\$ 47,059</u>	<u>\$ 44,376</u>

**Township of Duncan, Michigan**

**MAJOR GOVERNMENTAL FUNDS  
ROAD FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Property Taxes			
Ottawa National Forest	\$ -	\$ 20,239	\$ 20,239
Total Property Tax	-	20,239	20,239
State Sources			
Annual maintenance	-	1,337	1,337
Total State Sources	-	1,337	1,337
Interest and Rents			
Interest	-	24	24
Total Interest and Rents	-	24	24
<b>TOTAL REVENUES</b>	-	21,600	21,600
<b>EXPENDITURES:</b>			
<b>Public Works</b>			
Roads and Streets			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	-	9,879	(9,879)
Capital outlay	-	-	-
Total Roads and Streets	-	9,879	(9,879)
<b>Total Public Works</b>	-	9,879	(9,879)
<b>TOTAL EXPENDITURES</b>	-	9,879	(9,879)
<b>EXCESS OF REVENUES OVER         (UNDER) EXPENDITURES</b>	-	11,721	11,721
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer in	-	-	-
Transfer (out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-
<b>CHANGE IN FUND BALANCE</b>	-	11,721	11,721
Fund balance, beginning of year	1,930	1,930	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,930</u>	<u>\$ 13,651</u>	<u>\$ 11,721</u>

Township of Duncan, Michigan

MAJOR GOVERNMENTAL FUNDS  
FIRE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Property Taxes			
Current tax	\$ 18,500	\$ 17,145	\$ (1,355)
Delinquent tax	-	1,813	1,813
Commercial forest reserve	-	706	706
Total Property Tax	18,500	19,664	1,164
State Sources:			
Grants	-	-	-
Total State Sources	-	-	-
Interest and Rents			
Interest	25	51	26
Total Interest and Rents	25	51	26
Other Revenues:			
Contributions	-	630	630
Fire calls	750	300	(450)
Miscellaneous	5,000	233	(4,767)
Total Other Revenues	5,750	1,163	(4,587)
<b>TOTAL REVENUES</b>	<b>24,275</b>	<b>20,878</b>	<b>(3,397)</b>
<b>EXPENDITURES:</b>			
<b>Public Safety</b>			
Fire Department			
Personnel services	-	-	-
Supplies	-	871	(871)
Other services and charges	15,800	13,303	2,497
Capital outlay	18,200	-	18,200
Total Fire Department	34,000	14,174	19,826
<b>Total Public Safety</b>	<b>34,000</b>	<b>14,174</b>	<b>19,826</b>
<b>TOTAL EXPENDITURES</b>	<b>34,000</b>	<b>14,174</b>	<b>19,826</b>
<b>EXCESS OF REVENUES OVER             (UNDER) EXPENDITURES</b>	<b>(9,725)</b>	<b>6,704</b>	<b>16,429</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer in	1,000	5,000	4,000
Transfer (out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,000</b>	<b>5,000</b>	<b>4,000</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(8,725)</b>	<b>11,704</b>	<b>20,429</b>
Fund balance, beginning of year	21,037	21,037	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 12,312</b>	<b>\$ 32,741</b>	<b>\$ 20,429</b>



**Township of Duncan, Michigan**

**MAJOR GOVERNMENTAL FUNDS  
AMBULANCE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Property Taxes			
Current tax	\$ -	\$ 8,571	\$ 8,571
Delinquent tax	-	906	906
Commercial forest reserve	-	314	314
	<hr/>	<hr/>	<hr/>
Total Property Tax	-	9,791	9,791
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	-	9,791	9,791
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>			
<b>Health and Welfare</b>			
Ambulance			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	-	9,786	(9,786)
Total Ambulance	-	9,786	(9,786)
	<hr/>	<hr/>	<hr/>
<b>Total Health and Welfare</b>	-	9,786	(9,786)
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	-	9,786	(9,786)
	<hr/>	<hr/>	<hr/>
<b>EXCESS OF REVENUES OVER         (UNDER) EXPENDITURES</b>	-	5	5
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer in	-	-	-
Transfer (out)	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>CHANGE IN FUND BALANCE</b>	-	5	5
	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	1,055	1,055	-
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, END OF YEAR</b>	\$ 1,055	\$ 1,060	\$ 5
	<hr/>	<hr/>	<hr/>

Township of Duncan, Michigan

NON-MAJOR  
GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2007

	Special Revenue Fund	Permanent Fund	Total Governmental Funds
	Liquor Law Fund	Cemetery Trust Fund	
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 15,784	\$ 15,784
Due from other funds	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 15,784</u>	<u>\$ 15,784</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES:</b>			
Other liabilities	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE:</b>			
Unreserved	-	15,784	15,784
<b>TOTAL FUND BALANCE</b>	<u>-</u>	<u>15,784</u>	<u>15,784</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 15,784</u>	<u>\$ 15,784</u>

Township of Duncan, Michigan

NON-MAJOR  
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended March 31, 2007

	Special Revenue Fund Liquor Law Fund	Permanent Fund Cemetery Trust Fund	Total Governmental Funds
<b>REVENUES:</b>			
State sources	\$ 1,347	\$ -	\$ 1,347
Interest	-	528	528
Contributions	-	-	-
<b>TOTAL REVENUES</b>	<b>1,347</b>	<b>528</b>	<b>1,875</b>
<b>EXPENDITURES:</b>			
General government	-	28	28
Public safety	1,347	-	1,347
<b>TOTAL EXPENDITURES</b>	<b>1,347</b>	<b>28</b>	<b>1,375</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>500</b>	<b>500</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers (out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>500</b>	<b>500</b>
Fund balance, beginning of year	-	15,284	15,284
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ 15,784</b>	<b>\$ 15,784</b>

**Township of Duncan, Michigan**

**NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
LIQUOR LAW FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
State shared revenues	\$ -	\$ 1,347	\$ 1,347
Interest	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>1,347</u>	<u>1,347</u>
<b>EXPENDITURES:</b>			
Public Safety:			
Liquor Law Enforcement			
Personnel services	1,347	1,347	-
Supplies	-	-	-
Other services and charges	-	-	-
Capital outlay	-	-	-
Total Liquor Law Enforcement	<u>1,347</u>	<u>1,347</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>1,347</u>	<u>1,347</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,347)</u>	<u>-</u>	<u>1,347</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers (out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGES IN FUND BALANCE</b>	<u>(1,347)</u>	<u>-</u>	<u>1,347</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ (1,347)</u>	<u>\$ -</u>	<u>\$ 1,347</u>

**Township of Duncan, Michigan**

**NON-MAJOR GOVERNMENTAL FUNDS  
PERMANENT FUND  
CEMETERY TRUST FUND**

**SCHEDULE OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE**

For the Fiscal Year Ended March 31, 2007

**REVENUES:**

Interest	\$	528
Contribution		-
		<hr/>
<b>TOTAL REVENUES</b>		<hr/> 528 <hr/>

**EXPENDITURES:**

General Government:		
Cemetery		
Personnel services		-
Supplies		28
Other services and charges		-
Capital outlay		-
		<hr/>
Total Cemetery		<hr/> 28 <hr/>
<b>TOTAL EXPENDITURES</b>		<hr/> 28 <hr/>

<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<hr/> 500 <hr/>
---	-----------------

**OTHER FINANCING SOURCES (USES):**

Transfers in	-
Transfers (out)	-
	<hr/>
<b>TOTAL OTHER FINANCING SOURCES</b>	<hr/> - <hr/>

<b>CHANGES IN FUND BALANCE</b>	500
--------------------------------	-----

Fund balance, beginning of year	<hr/> 15,284 <hr/>
---------------------------------	--------------------

<b>FUND BALANCE, END OF YEAR</b>	<hr/> \$ 15,784 <hr/>
----------------------------------	-----------------------

**Township of Duncan, Michigan**

**FIDUCIARY FUNDS**

**COMBINING STATEMENT OF NET ASSETS**

March 31, 2007

	Tax Collection Fund	Total
<b>ASSETS</b>		
Cash and investments	\$ 10,820	\$ 10,820
Taxes receivable	5,096	5,096
<b>TOTAL ASSETS</b>	<u>\$ 15,916</u>	<u>\$ 15,916</u>
<b>LIABILITIES</b>		
Due to other funds	\$ 816	\$ 816
Due to others	15,100	15,100
<b>TOTAL LIABILITIES</b>	<u>\$ 15,916</u>	<u>\$ 15,916</u>

## **Compliance Supplements**



# ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

## PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN  
ESCANABA  
IRON MOUNTAIN  
KINROSS  
MARQUETTE

WISCONSIN  
GREEN BAY  
MILWAUKEE

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Supervisor and Members  
of the Township Board of Trustees  
Township of Duncan, Michigan  
PO Box 119  
Sidnaw, Michigan 49961

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Duncan, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the Township of Duncan, Michigan's basic financial statements and have issued our report thereon dated August 24, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Duncan, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Duncan, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Duncan, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the Township of Duncan, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township of Duncan, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the Township of Duncan, Michigan's internal control. We consider the deficiencies described in the accompanying report to management to be significant deficiencies in internal control over financial reporting as items 07-01.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of Duncan, Michigan's internal control.



Honorable Supervisor and Members  
of the Township Board of Trustees

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Duncan, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and are described in the accompanying report to management as items 07-2.

This report is intended solely for the information and use of the audit committee, management, and Township Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

August 24, 2007



**PARTNERS**

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN  
ESCANABA  
IRON MOUNTAIN  
KINROSS  
MARQUETTE

WISCONSIN  
GREEN BAY  
MILWAUKEE

***Township of Duncan, Michigan***  
***Report to Management Letter***  
***For the Year Ended March 31, 2007***

Honorable Supervisor and Members  
of the Township Board  
Township of Duncan, Michigan  
PO Box 119  
Sidnaw, MI 49961

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Duncan, Michigan as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Duncan, Michigan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Duncan, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Duncan, Michigan's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

**07-01 – FINANCIAL REPORTING CYCLE**

**Condition/Criteria:** The monthly and year end financial reporting package as presented to the Board of Trustees is not fully compliant with generally accepted accounting principles. The general ledger is recorded on the cash basis of accounting and not on the modified-accrual basis of accounting.

**Effect:** Because the accruals are not being record in the general ledger until after the audit, the financial statements are not compliant with generally accepted accounting principles.

of the Township Board  
Township of Duncan, Michigan

**Cause of Condition:** Failure to record accruals in the general ledger.

**Recommendation:** We suggest that monthly and at year end, all accruals are recorded in the general ledger.

**Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Bonnie Holmes, Clerk
- Corrective Action Planned:
  - The Township is planning on starting to record accruals on a monthly basis in the coming fiscal year.
- Anticipated Completion Date:
  - March 31, 2008

**INSTANCE OF NON-COMPLIANCE**

**07-02 (REPEATED) – UNIFORM BUDGETING AND ACCOUNTING ACT (PA621)**

**Condition/Criteria:** Public Act 621 of 1978, Section 18 (1) as amended, provides that townships shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township of Duncan, Michigan had actual expenditures and budgeted expenditures for the General Fund and Special Revenue Funds have been shown on a functional basis. The approved budgets of these funds were adopted on an activity and/or program level. During the year ended March 31, 2007, the Township of Duncan, Michigan incurred functional expenditures which were in excess of the amounts appropriated as shown within the basic financial statements.

**Effect:** The Township of Duncan, Michigan is not in compliance with State Law.

**Cause of Condition:** Failure to amend the budgets during the year based on the level of expenditures.

**Recommendation:** The Township of Duncan, Michigan should strictly control expenditures in each governmental fund so as not to exceed the original appropriation. When this is not possible, the budget should be amended accordingly.

**Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Bonnie Holmes, Clerk
- Corrective Action Planned:
  - The budget will be more closely monitored and budget amendments will be made accordingly.
- Anticipated Completion Date:
  - March 31, 2008

This communication is intended solely for the information and use of the management, audit committee, Township of Duncan, Michigan Board of Trustees, and others within the organization, and is not intended to be and should not be and should not be used by anyone other than these specified parties.

We appreciate and would like to thank the Township of Duncan, Michigan's staff for the cooperation and courtesy extended to us during our audit. We would be pleased to discuss any comments or answer any questions regarding our audit with you at your convenience.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants  
August 24, 2007



# ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

## PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN  
ESCANABA  
IRON MOUNTAIN  
KINROSS  
MARQUETTE

WISCONSIN  
GREEN BAY  
MILWAUKEE

Honorable Supervisor and Members  
of the Township Board  
Township of Duncan, Michigan  
PO Box 119  
Sidnaw, MI 49961

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Duncan, Michigan for the year ended March 31, 2007, and have issued our report thereon dated August 24, 2007. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility under Generally Accepted Auditing Standards**

As we stated in our engagement letter dated April 23, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

### **Significant Accounting Policies**

Management is responsible for selection and use of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies adopted by the Township are described in Footnote A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2006/2007. We noted no transactions entered into by the Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. These estimates are relatively insignificant in relation to the financial statements taken as a whole.

L:\Duncan Twp\Admin\AUD\_COM.doc

Honorable Supervisor and Members  
of the Township Board  
Township of Duncan, Michigan

### **Audit Adjustments**

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Township, either individually or in the aggregate, indicate matters that could have a significant effect on the Township's financial reporting process.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether significant or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Consultation with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about accounting and auditing matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principal to the government unit's financial statements or a determination of the type of auditors' opinion to be expressed on those statements, our professional standards require the consulting accountant to advise us to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Issues Discussed Prior to Retention of Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in the performance of our audit.

This information is intended solely for the use of the Township Board of Commissioners and management of the Township of Duncan, Michigan and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

August 24, 2007

L:\Duncan Twp\Admin\AUD\_COM.doc